

Remarks of  
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SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT

to the  
AFL-CIO  
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Good morning. It is a pleasure to be with you here today, and to have an opportunity to talk to you about health reform.

This is a timely meeting. There is great discontent with America's health care system, and the opportunity for fundamental reform may finally be upon us.

Some of the credit for opening this window must go to unions like yours.

For years, through aggressive collective bargaining, you have obtained comprehensive health care coverage for your members and their families.

But the world of health care and health insurance has changed. Collective bargaining -- no matter how aggressive -- may no longer be enough to protect existing health benefits.

I don't have to tell this audience that disputes over health

coverage are a central issue in almost every contract negotiation. And that's all over the nation, from auto workers in Michigan to phone workers in California. Because when you sit down to bargain, the proposals coming across the table are almost always about fewer benefits, higher co-payments, and more deductibles or higher premium contributions.

What you're caught in is a nationwide game of pin the health care cost tail on the donkey. No one's really got the leverage to control costs. Instead, insurers, employers, HMOs, Medicare, and Medicaid are all trying to shift costs onto someone else. And at the bargaining table, management's trying to pin the health care cost tail on you.

If this weren't enough, the small business insurance market is collapsing. And as the trend towards privatization and contractual employment continues, this is a problem that will affect many of you. It seems that rather than spreading the risk, insurers in the market are doing all they can to avoid it through medical underwriting and benefit limitations.

Clearly, the system is not working for a lot of people. It's not working for unions, who are trading wage increases for health benefits – benefits that are made more costly by uncontrolled medical price inflation and by growing numbers of uninsured people.

It's not working for big businesses who are facing dramatic premium increases that put them at a competitive disadvantage in the global marketplace.

It's not working for those hospitals and doctors who care for large numbers of people with no source of payment.

We've spent the last twelve years waiting for the invisible hand of the marketplace to solve these problems by itself. You know as well as I do that it hasn't. And things are only getting worse.

America has begun to realize what you've recognized and advocated for years: we need universal coverage and effective cost controls.

### The Bush Proposal

Over the past year, we've seen an explosion in the number of proposals for health reform -- from labor, from the corporate sector, from commissions, from providers, and from the Congress. Nearly every presidential candidate has a health reform plan.

Even the Bush Administration has -- belatedly -- come to the realization that they have to appear to be addressing the cost and access crisis in this country.

The American people want four things from health care

reform: protection against the high costs of care, guaranteed coverage, choice of their own doctor, and a way to pay for it that is fair, doesn't hurt American competitiveness, and does not take benefits away from the elderly and the poor.

The Bush 'plan' flunks each of these tests. It's not reform. It's just a thinly-veiled attempt to cut Federal spending on the elderly and the poor. The American people are not going to buy that -- they're just not that mean-spirited.

The President's proposal does nothing to control rising health care costs. It won't help large employers become more competitive in the global marketplace. It won't make health insurance cheaper for small employers. It won't protect workers and their families from high out-of-pocket costs. In fact, it will just fuel the raging inflation that is threatening the financial stability of America's families.

The President's proposal won't do much to help 36 million uninsured Americans get basic health care coverage. It won't do anything for millions of working families whose employers don't offer coverage. And for the poor, the tax credits won't be big enough to buy insurance or meet any out-of-pocket health care costs.

What the President's proposal does is force Medicare and Medicaid beneficiaries into managed care plans, when their track record in providing quality care has been dismal. What Mr. Bush

means when he talks about managed care is putting budget savings ahead of a patient's right to choose his or her doctor.

It's true, after three years in office, that the President has finally recognized that America faces a health care crisis. Unfortunately, all he and his advisors have come up with is a collection of cynical gimmicks. The American people deserve better than this.

### Action in Congress

In Congress, the debate on health care reform has begun in earnest.

As you well know, Senator Mitchell -- with the support of Senators Kennedy, Rockefeller, and Simon -- is pressing ahead with a comprehensive bill which I'm told he intends to bring to the floor this year.

In the House, a variety of bills have been introduced, including proposals for a single payer program, and bills -- like my own and Chairman Rostenkowski's -- that use an employer choice model supplemented by a strong public plan.

## The Waxman Proposal

I'm sure you're familiar with the proposal I've introduced. It's based on the recommendations of the Pepper Commission that was chaired by Senator Jay Rockefeller.

Basically, its an employer choice bill. It builds on our employer-based system of health insurance coverage.

Employers would be required to offer coverage to workers and their families. They could do so by purchasing private policies, administering their own plans, or by enrolling their employees in a new public program.

For people who are outside the workforce, the bill would provide coverage through the new public program -- a program which would be completely independent of Medicaid and the welfare system.

The elderly would continue to receive coverage through Medicare.

My bill is similar in approach to the bill reported by Senator Kennedy's Labor and Human Resources Committee last month.

My bill also looks alot like Chairman Rostenkowski's bill, although he's improved it by adding even strong cost containment provisions that many of you in this room pressed for.

## Single Payor and Compromise

There are other strong approaches to health care reform. Chairman Dingell has introduced a single payor plan financed by a VAT tax. Mr. Russo has introduced a Canadian-style single payor bill that has a large number of cosponsors in the House.

My view has always been that, while employer choice and single payor plans are different, they share the common objectives of universal coverage and cost containment.

We just can't allow the differences between these approaches to split the Democrats in the Congress and block achievement of health reform.

For myself, either of these approaches is acceptable, as long as it moves us forward. Either is so clearly superior to the status quo.

I know that many of you in the labor movement have struggled with these same questions. You've found a way to bridge your differences. You can reasonably ask no less of the Democrats.

During the last few weeks I have been exploring with Chairman Dingell a health reform proposal that the Energy and Commerce Committee could report. We have agreed to work

together to develop a plan with universal coverage and strong cost controls.

I can't give you any details on this yet, but I can assure you that we are looking very seriously at your recommendations for cost containment. We both recognize that we have to protect employers and workers from unrestrained health care inflation, and that getting health costs under control is going to require major structural changes.

#### Stand-Alone Small Business Reform

Let me tell you what I couldn't support. I'm very disturbed by reports that the Finance Committee is about to include small business insurance reform in the tax bill. I don't think this will work. It's not going to bring any real cost control to the system. It could even result in an increase in premium costs for those now covered. It's not going bring real help to the uninsured. And worst of all, I fear it will be used to set back the efforts for comprehensive reform.

Chairman Dingell and I are committed to finding a majority on the Energy and Commerce Committee for health care reform this spring. I know that Chairman Rostenkowski intends to report out legislation as well. And I know that the House Leadership wants very much to bring a bill to the floor and send it to the President this year.



We're going to need your help and advice. I sense that there's an opportunity here. Let's seize it.